HALF-YEAR REPORT 2016

Beate Uhse

AKTIENGESELLSCHAFT

CONTENTS

FINANCIAL SUMMARY

EUR 000s	6 months 30.06.2016	6 months 30.06.2015	Change %
Sales performance			
Retail	12,796	16,095	-20.5
Mail Order	23,967	29,267	-18.1
Wholesale	13,293	15,907	-16.4
Entertainment	2,247	4,239	-47.0
Total sales	**52,303**	**65,508**	**20.2**
Share of international sales (%)	67.6	66.5	
Earnings position			
EBITDA	-688	-864	- 20.4
EBIT	-2,189	-2,664	-17.8
EBT	-3,511	-4,099	-14.3
Net result for the year from continuing operations	-3,644	-4,264	-14.5
Other earnings indicators (%)			
Return on sales before tax	-6.7	-6.3	-
Return on sales after tax	-7.0	-6.5	-
Return on equity	-71.2	-18.5	-
Gross profit margin	45.6	46.7	-2.5
Financial position			
Cash flow from operating activities	-233	-3,053	-92.4
Capital expenditure	2,030	1,915	6.0
Depreciation, amortisation and impairment	-1,501	-1,800	-16.6
Assets and equity *			
Total assets	70,645	92,508	-23.6
Shareholders' equity	5,119	23,079	-77.8
Equity ratio (%)	7.2	24.9	-71.0
Non-current assets	35,133	41,760	-15.9
Current assets	35,512	50,748	-30.0
Additional information			
Fulltime equivalent (FTE)	472	627	-24.7
Cost of sales	28,474	34,884	-18.4
Selling expenses	20,168	26,443	-23.7
The share (EUR)			
Number of shares	78,074,696	78,074,696	0.0
Share price at end of period	0.25	0.46	-45.7
Share price high	0.35	0.72	-51.4
Share price low	0.17	0.45	-62.2
Earnings per share	-0.05	-0.05	-

* as at 31.12.

LETTER TO SHAREHOLDERS

Dear readers,
shareholders,
and employees,

For Beate Uhse Group, the first half of 2016 was dominated by the operational restructuring measures implemented within the Group. At the start of the year, the Management Board announced and launched an extensive package of measures aiming to boost sales and improve the Group's result over the long term. By doing so, Beate Uhse is laying the foundations for the future.

An initial strategic step that has already been implemented was also an historic one for Beate Uhse Group. On Valentine's Day, we published our last printed catalogue in order to publicly and consciously conclude our efforts to focus on the two distribution channels of online retail and promising traditional retail locations. With Dennis van Allemeersch appointed as Chief Operating Officer as of 15 March, we also recognised the corporate strategy's focus on the area of B2C. As an acknowledged expert in online business, he will play a major role in pushing ahead with Beate Uhse Group's digitisation strategy and brand repositioning. On the basis of customer and potential assessments, as well as the restructuring of B2C processes, we will now be deriving and implementing the relevant measures for marketing, product orientation and customer contact.

Other measures that aim to improve our sales and earnings include the streamlining of the number of stores and the consistent cross-channel sales strategy, which aims to link online retail and our most successful retail outlets more closely with one another. All cost-reduction measures in HR and the closure of outlets that are no longer a good fit with the Group's strategy were completed in the first half of 2016.

Although these new strategic measures are already showing some initial success, the rate at which they are being transferred is still too low. As such, no positive effects on sales resulting from the strategic measures could be achieved in the first half of the reporting year. Our transition into a modern online business is a challenge in particular for a business with as long a history as Beate Uhse, and it is one we continue to face. The switch from offline to online business has been much more time-intensive than originally thought, with Beate Uhse Group showing a decrease in sales of 20.2 % to EUR 52.3 million in the first half. This was partly due to the closure of retail outlets and the discontinuation of our catalogue business. As such, we also view this decrease as an adjustment of revenue. In addition, the more time-consuming implementation of the realignment led to lower sales figures than expected.

The first, slight effects of the restructuring measures have started to show in our results. The EBIT result improved from EUR -2.7 million last year to EUR -2.2 million (despite the costs involved in restructuring the bond). e-Commerce in particular showed improved results due to the consistent focus on e-Commerce. However, the first half was not satisfactory from our point of view. We still have to address other requirements and tasks here in order to see the long-term impact of the operational restructuring measures translated into increases in our sales and results. Furthermore, it became clear in the first half that the financial restructuring of the Group as announced in the 2015 Annual Report is absolutely vital. The ongoing operational restructuring of Beate Uhse Group and its weak performance of the first half will necessitate a financial restructuring programme. With this in mind, we compiled a draft concept at the end of May for restructuring the bond. At the same time, alternative solutions were checked in order to secure the liquidity of the Group and to avoid jeopardising the ongoing implementation of the operational restructuring process.

At both of the bondholder meetings, it became clear that the draft restructuring concept, which made recommendations for an interest deferral and the early extension of the corporate bond by five years, did not gain broad acceptance among our bondholders. As a result, we focussed on an alternative solution for the payment of interest and were able to pay the interest due on bonds in full at the start of the second half, within the grace period and without significantly affecting our liquidity, thanks to a loan from a third party. This means we have at our disposal sufficient liquidity to finance our current operations. We are now developing an alternative, feasible concept in order to achieve long-term financial restructuring at the same time as implementing our operational realignment.

In light of the weak first half, which did not develop in line with our expectations, we expect to see total revenues for 2016 of between EUR 105 million and EUR 110 million. In terms of our result, we are standing by our most recent forecast for an operating result (EBIT) in the lower part of our forecast range of between EUR -1 million and EUR 2 million as a result of our expectations for the second half of 2016.

At this point, we would like to thank all our shareholders and investors, who continue to put their trust in Beate Uhse and in us on the challenging road towards attaining our old competitive strength. We would also like to thank our staff for their exceptional dedication and ongoing support.

Yours,

Cornelis Vlasblom / Chairman of the Management Board, CEO

Dennis van Allemeersch / COO

INTERIM MANAGEMENT REPORT

Business performance and economic environment

In addition to Germany, the Netherlands, France and Belgium are the biggest sales markets for Beate Uhse Group.

Despite a difficult political and economic environment in Europe, economic growth in the eurozone remained stable, with the gross domestic product (GDP) in the eurozone growing by 1.6 % in the first quarter of 2016 as compared with the same period last year. In comparison to Q4 2015, this equated to a gain of 0.6 %. As a result of recent events in the UK, positive forecasts for the current year were dampened slightly. However, further growth is expected by financial experts for the second quarter and second half of 2016. Following the Brexit vote, KfW Research corrected its previous forecast for annual growth in 2016 of 1.7 % as compared to the previous year to an annual growth rate of 1.5 % for 2016. The expectation is that the insecurity and weaker growth in exports will have a dampening effect on corporate investments. However, experts assume that there will be noticeable growth in the labour market and consumption.

The development of GDP in the first quarter of 2016 was similar across all countries relevant to Beate Uhse Group. Economic growth in Germany increased by 1.3 % on the same quarter last year. In comparison to Q4 2015, the German economy grew by 0.7 %. Viewing the year as a whole, the various economic research institutes expect to see similarly high levels of economic output in Germany. French GDP grew by 1.4 % in the first quarter as compared with the previous year and by 0.6 % on the last quarter of 2015. The Netherlands showed similar growth rates. Here, GDP increased by 1.5 % on the same period the previous year and by 0.5 % when compared with Q4 2015.

Over the course of the year, the GfK consumer confidence index climbed from 9.4 points in January to 10.1 points in July 2016. Experts expect to see further increases for the index in Germany over the rest of the year, partly due to the continued increases in employment figures. The positive situation on the job market and low interest rates are giving rise to a high propensity to buy, thus contributing to continually high levels of growth. In France, the subdued economic growth over recent months has resulted in a corresponding dampening of consumer confidence. This is not likely to change over the coming months. In Belgium, the economic outlook is declining, despite good economic growth. Since incomes are expected to shrink, consumers are only prepared to make solid purchases of stable value. Dutch consumers continue to view current economic developments with cautious optimism. While this does not affect income expectations, lower interest rates and low inflation are giving rise to high-quality purchases. Despite stagnating and partly declining expectations for the economy in the individual countries, it is also possible to discern a high willingness to purchase items not required in everyday life. The main reason for this is the continued policy of low interest rates pursued by the European Central Bank.

Sources: German Federal Statistics Office, Eurostat, KfW, GfK, council of experts

Performance of distribution channels

Beate Uhse is driving ahead with the dovetailing and integration of the sales channels within its cross-channel strategy. The aim is to link traditional and online retail in such a way that it results in a cross-channel, seamless shopping and brand experience, generating added value for the customer. The central sales channel is still e-Commerce, which plays a pivotal role in the market environment and is being systematically and strategically expanded by Beate Uhse. This is supplemented by profitable outlets in attractive shopping locations that appeal to our target groups. These retail locations are representative of the new branding and therefore act as flagships for the Beate Uhse brand. The flagship store opening in Berlin at the end of October this year will present the Group's new image and broad range of products in a special way.

A further milestone this year will be the 70-year anniversary of Beate Uhse, which the Group will draw on for specific marketing and sales activities, as well as by releasing special anniversary products as part of an anniversary campaign.

Retail

In Retail, sales dropped in the first half to EUR 12.8 million (H1 2015: EUR 16.1 million). Of this decrease, EUR 1.8 million was attributed to the closure in late 2015 of 16 outlets that were showing bad losses and that no longer fitted in with our future B2C strategy. In addition, sales shrank due to lower footfall, particularly in inner-city locations, while, at the same time, and in contrast to the industry in general, we were able to convert more shop visitors into customers, increase the average purchase volume per customer and the average number of items purchased per customer.

EBIT improved to EUR -0.3 million (H1 2015: EUR -0.8 million), primarily as a result of streamlining the number of outlets, resulting in balanced EBITDA.

The more effective conversion of shop visitors into customers and the increased average sales per customer show that Beate Uhse is on the right track with its new-look outlets, appealing to customers through intensive, well-qualified advice, its product experiences and the increased dovetailing of outlets with e-Commerce. Initial tests with more intense advertising in select outlets have also shown that we are also able to increase footfall. In the second half of the year, we are going to carefully expand our in-store marketing and surprise our customers with appealing promotions to mark the 70th anniversary of Beate Uhse as a company. At the end of October, the new flagship store in Berlin will open with 220 m² of retail space in an area that is very popular with tourists, appealing to customers with exciting offers.

Shops by region Own Shops	**6 months 30.06.2016**	**%**	**6 months 30.06.2015**	**%**
Germany	34	50.0	37	44.0
Netherlands	20	29.4	33	39.3
Belgium	11	16.2	11	13.1
France	3	4.4	3	3.6
	68	**100.0**	**84**	**100.0**

Retail EUR 000s	**6 months 30.06.2016**	**6 months 30.06.2015**
Sales	12,796	16,095
EBITDA	-28	-386
EBIT	-338	-781
EBT	-813	-1,221

E-Commerce

We discontinued our catalogue business in all country markets in February 2016. This decision was made in order to enable us to focus completely on online business. By doing so, the Management Board accepted the consequences of continually declining sales in classic offline business over recent years. Marketing, sales management, the online shop and all logistical and administrative processes are therefore now exclusively focussed on e-Commerce. In the first stage, this decision honed in on strengthening the earnings situation, which increased to EUR 0.8 million following a significant rise in the operating result (EBIT) of EUR 1.0 million. Initial decreases in sales were also taken into account. However, it also became clear that the 100 % focus on e-Commerce, different target groups and new products will require more time and effort than initially expected. As a result of this development and the discontinuation of the catalogue business, sales decreased to EUR 24.0 million during the reporting period (H1 2015: EUR 29.3 million).

With Dennis van Allemeersch appointed Chief Operating Officer (COO), the Beate Uhse Aktiengesellschaft Supervisory Board laid the foundations in March for the continued development of e-Commerce activities and its B2C strategy. In his first weeks on the Management Board, e-Commerce sales were organised into country teams, a new location was set up in Amsterdam in order to get additional online experts on board for Beate Uhse, processes focussed on e-Commerce were established and the dovetailing of e-Commerce and in-store business was driven forward. In addition, a study on quantitative customer and potential analysis was commissioned, along with one to fine-tune the positioning of the country markets. In the coming months, the results will be implemented as concrete measures to expand our online business.

E-Commerce EUR 000s	**6 months 30.06.2016**	**6 months 30.06.2015**
Sales	23,968	29,267
EBITDA	1,451	470
EBIT	795	-164
EBT	524	-509

Entertainment

In Entertainment, we achieved sales of EUR 2.2 million in the first half of 2016. In the same period last year, sales were at EUR 4.2 million, of which EUR 1.1 million were assigned to revenues from the sale of GÜFA rights (German copyright collective of pornographic film production companies and copyright holders). Furthermore, during the reporting period, proceeds from the sale of film rights and services were EUR 0.4 million lower than in the previous year. Online products continue to experience significant pressure from free online content. Our EBIT amounted to EUR 0.2 million and was thus at the same level as the previous year when adjusted for the one-off earnings from the sale of GÜFA rights.

In order to make our online products more appealing to customers in future, our services have now gone mobile. Entertainment services also received a more up-to-date, appealing design in order to improve user-friendliness. In addition, the newly designed technology can adapt more quickly to users' changing interests. Additional marketing tools make it possible to offer users content that is individually tailored to their consumer behaviour. Furthermore, new options for boosting traffic were created and partnerships launched in product marketing and content creation. In the field of telephony (audiotex), margins were increased through negotiations with marketers of advertising spaces, improved cooperation with network operators in terms of fraud management, and through better quality management in order to increase hold time. In addition, we were able to expand our print advertising space, negotiate new pricing models with network operators and introduce alternative payment methods.

Entertainment EUR 000s	**6 months 30.06.2016**	**6 months 30.06.2015**
Sales	2,247	4,239
EBITDA	490	1,660
EBIT	170	1,308
EBT	263	1,405

Wholesale

In Wholesale, sales decreased to EUR 13.3 million. The main context behind this development was the increasing pressure to which external Wholesale customers are subject, who, in the past, were not sufficiently attuned to changes in e-Commerce and the requirements of target group and product range strategies. This development, which also led to high pressure on Wholesale margins, had a negative impact on EBIT, which amounted to EUR -1.3 million at the end of the reporting period (H1 2015: EUR 0.2 million).

The bundling of logistics in a centralised location, which is currently under way and due for completion in autumn/winter this year, will result in major cost savings as of 2017, which will have a significant impact on the Wholesale result. With this in mind, the Management Board assumes that Wholesale will soon be able to achieve positive results once again.

Wholesale **EUR 000s**	**6 months** **30.06.2016**	**6 months** **30.06.2015**
Sales	13,293	15,907
EBITDA	-1,102	592
EBIT	-1,303	203
EBT	1,357	25

Our staff

At the end of the first half of 2016, Beate Uhse had 472 employees (FTE). In comparison to the same quarter last year, the number of employees at Beate Uhse decreased by 155 (24.7 %).
The reason behind this development is the closure of 16 outlets, the 100 % focus on e-Commerce, which was linked with the discontinuation of catalogue business in February 2016, as well as Group-wide job cuts across all areas of business in order to reduce costs as part of an operational restructuring plan.

FTEs **By region**	**6 months** **30.06.2016**	**6 months** **30.06.2015**
Germany	163	204
Netherlands	267	361
Belgium	24	26
France	19	30
United Kingdom	0	6
	472	**627**

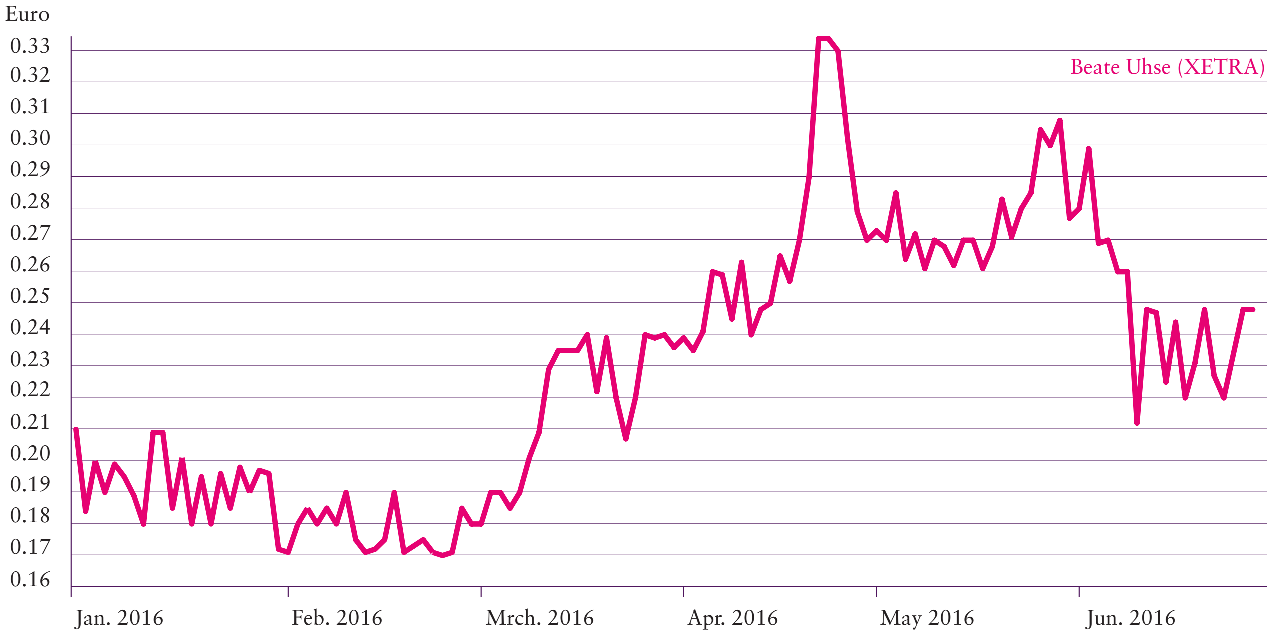
FTEs **By distribution channel**	**6 months** **30.06.2016**	**6 months** **30.06.2015**
Retail	207	318
Mail Order	156	170
Wholesale	69	86
Entertainment	24	28
Holding services	16	25
	472	**627**

Investor Relations

The share

The Beate Uhse share started the year showing slight volatility and with minor discounts. Following the profit warning issued in early February, the share reached a low of EUR 0.17. With the announcement that Dennis van Allemeersch would be taking over as COO for Beate Uhse Group, the share started to recover from March onwards, reaching a high of EUR 0.35 in late April. However, this level was not maintained for long. This was partly due to decreasing revenues in the first few months of the financial year, and also due to the announcement that bond restructuring was vital. At the end of the first half, the share closed at EUR 0.25, 25 % up on the start of the year. As of the cut-off date on 30 June 2016, the market capitalisation amounted to EUR 19.4 million. The average daily trading volume in the first six months of the financial year was 52,751 shares. The number of shares remained unchanged at 78,074,696.

Share price trend



Source: www.ariva.de; on the basis of XETRA prices

Key share data *		6 months 30.06.2016	6 months 30.06.2015
Opening share price	EUR	0.20	0.61
Closing price	EUR	0.25	0.46
Share price high	EUR	0.35	0.72
Share price low	EUR	0.17	0.45
Performance	%	25.0	-24.6
Number of shares (basic)	Units	78,074,696	78,074,696
Earnings per share (basic)	EUR	-0.05	-0.05
Market capitalisation	EUR million	19.4	35.9
Market cap. free float	EUR million	9.3	15.4
Average sales/day	Units	52,751	87,257

Source: www.ariva.de

* on the basis of XETRA prices

Key data on Beate Uhse shares

ISIN	DE0007551400
SIN	755140
Stock market code	USE
Bloomberg symbol	USE GR
Reuters symbol	USEG
Designated sponsor	Oddo Seydler Bank AG, Frankfurt am Main
Segment	Regulated Market, General Standard
Index	CDAX

Annual General Meeting

The Annual General Meeting for the 2015 financial year was postponed to 27 October 2016 as a result of restructuring measures.

Voting rights notifications

No voting rights notifications were received during the reporting period.

The bond

The bond started the year at 42.9 % and was affected during the financial year by the financial development of Beate Uhse Group as well as by the necessary restructuring measures. On 30 June, the bond was listed at 21.6 %, which corresponds to a drop in value of nearly 50 %. The average trading volume amounted to 65 securities.

Bond restructuring

As a result of the necessary financial restructuring, Beate Uhse recommended a draft restructuring concept for the bond to its bondholders on 24 May. This involved the early extension of the 2014/2019 corporate bond by five years to 2024 and a reduction in the interest paid out on the bond to 2.0 % for three years, to be followed by an adjustment to the interest rate and the appointment of a common representative. However, the first bondholder meeting on 8 June 2016 in Hamburg did not achieve a quorum. At the second meeting on 6 July 2016, the bondholders appointed One Square Advisory Services GmbH, based in Munich, as the common representative. The other proposed recommendations for the restructuring of the bond, however, were not endorsed by a majority and, as a result, Beate Uhse Aktiengesellschaft initially opted for an alternative solution. Partly funded by a third-party loan, the interest payment that was due was paid in full during the grace period at the start of the second half on 19 July 2016.

Price trend for the bond "Anleihe 14/19"

Key data for the Beate Uhse bond "Anleihe 14/19"

ISIN	DE000A12T1W6
SIN	A12T1W
Code	USE1
Volume	EUR 30,000,000.00
Coupon	7.75% p.a.
Interest payment mode	Annually in arrears, on 9 July; first interest payment due on 9 July 2015
Denomination	EUR 1,000
First trading day	1 July 2014, trading on terms of issue
Value date	9 July 2014
Time to maturity/ Due date	5 years/9 July 2019
Segment	Entry Standard for corporate bonds on the Frankfurt Stock Exchange
Company rating	BB- (Euler Hermes Rating GmbH), June 2014

Events after the end of the reporting period

The interest payment on the bond, which was due on 9 July, was made late but was still paid within the grace period. The cost centre responsible confirmed the deposit of the interest in full on 19 July and authorised the payment of interest to the bondholders.

The funds for the interest payment primarily came from accepting a third-party loan, which meant that Beate Uhse Aktiengesellschaft was able to sustain sufficient liquidity for current business in accordance with expectations of business performance.

Forecast, opportunities and risk report

Forecast

Overall economic environment
The overall economic environment – which plays a key role in the future development of Beate Uhse Group – is outlined in the "Business performance and economic environment" chapter of this report.

Industry trend
The adult lifestyle industry remains subject to tough competition and consolidation pressure. Although there is new and significant potential due to the market being opened up, the increased social acceptance of topics relating to adult lifestyle and sexuality, and the focus on a female target group, this has also led to a large number of new competitors entering the market both in the online business and in department stores and health and beauty retailers, making competition tougher.

The trend is clearly heading towards the online business and this remains a major growth factor. This sales channel, which offers round-the-clock retail and anonymous purchases, is particularly relevant for a younger target group. The focus on Online or Mail Order business is also leading to the industry experiencing pressure from competition, particularly in classic Retail. The industry is losing ground in Retail, even in attractive, inner-city locations, and this is being taken up by Online business. The adult lifestyle industry is under enormous pressure in Wholesale, too.

In this challenging environment, Beate Uhse is able to set itself apart thanks to its cross-channel strategy, the close dovetailing of Retail with Online, and its new store concept. The aim is to make it easier for customers to fulfil their wishes via both B2C channels, accompanied by perfect service. Here, the look of the Beate Uhse shops with their attractive product ranges and well-qualified advice seems to be paying off – interested visitors are becoming customers in larger numbers than ever before. The individual sales per customer and number of items purchased have also increased at Beate Uhse. This confirms that our positioning, range and target group strategy are all on the right track.

Strategic orientation
The overarching strategic goal of Beate Uhse Group is clearly defined and presents a challenge for future development. The company aims to assume a leading position in the adult lifestyle industry over the medium term in Europe. To do this, the operative strengths of the company are being expanded upon and the relevant restructuring measures implemented.

The central pillar in all this is our growth driver, e-Commerce. In terms of its sales channels, Beate Uhse Group is focussing heavily on Online business and the company's digitisation strategy. The discontinuation of our catalogue was an historic move, and is testament to the shift from offline to online business. Other measures include target group-based marketing activities, content for relevant social media channels and the ongoing development of the mobile app for smartphones and tablets.

As part of the cross-channel approach, the company is linking and dovetailing the sales channels of traditional Retail with e-Commerce more closely with one another. This results in a cross-channel, seamless shopping experience for the customer, which links the direct brand experience and one-to-one advice in experience-based shops with the personalised product ranges in the online shop. With this customer-friendly linking of Retail and Online business, Beate Uhse Group is distinguishing itself from the competition and is thus able to offer the customer added value. The cross-channel strategy is to be further intensified in future in order to tap into new sales potential.

With the positioning of the brand and the modern lifestyle image, the company has set itself up well for the future. Key topics here are the diversity of the product range, the focus on customer requirements and the concentration on lifestyle and Beate Uhse as a brand.

Another strategic topic at Beate Uhse is the optimisation of logistics processes, which were assessed intensively at the end of 2015 and optimisation measures launched in 2016. The central focus here is the bundling of all logistics processes in one location. This process and the move of the logistics centre to Walsoorden, Netherlands, are making pleasing headway and will result in significant cost savings for Beate Uhse Group from 2017 onwards. Other advantages lie in the reduced amount of capital tied up thanks to optimised supply and continuous production processes, as well as due to the faster supply of goods to our customers.

Sales and earnings performance of Beate Uhse Group
In terms of expectations for the economic situation and consumer behaviour, industry development, the strategic positioning and developments within our own sales areas, the Management Board expects to see a slight improvement of Beate Uhse's financial growth in the second half of 2016. The conditions described in the 2015 Annual Report financial position and risk report remain of significance here.

Based on these expectations and the sales and earnings performance of the first half of 2016, the Management Board expects to see sales of between EUR 105.0 million and EUR 110.0 million for the year under review and an EBIT forecast in the lower range of the corridor stated in the 2015 Annual Report of between EUR -1.0 million to EUR +2.0 million.

Opportunities report

In the first six months of the 2016 financial year, there were no significant changes in terms of the opportunities as laid out in the management report and Group management report in the 2015 Annual Report.

Risk report

The risks outlined in the management report and the Group management report in the 2015 Annual Report apply.

The Group protected itself against risks arising from exchange rate fluctuations by extending the existing contract to hedge against exchange rate risks in the first half of 2016.

By taking out a third-party loan, the company countered the risk that the annual interest payment on the bond would not be able to be covered by current liquidity due to business development failing to live up to expectations. This meant that the company was in a position to pay out the interest due in full, albeit late, but still within the grace period. The company will assess the options for reorganising its financial liabilities over the coming months.

In terms of evaluating future financial and economic risks, the statements made in the risk report of the management report dated 31 December 2015 still apply. Specifically, the company assumes that, if the measures to improve the operating result proceed in line with expectations, defaults on payments from loans, particularly arising from claims by bondholders, are unlikely.

BEATE UHSE GROUP INTERIM FINANCIAL STATEMENTS

Consolidated income statement & notes

EUR 000s	6 months 30.06.2016	6 months 30.06.2015	Change
Sales	**52,303**	**65,508**	**-13,205**
Cost of sales	-28,474	-34,884	6,410
Gross profit on sales	**23,829**	**30,624**	**-6,795**
Other operating income	1,605	2,549	-944
Sales expenses	-20,168	-26,443	6,275
General administrative expenses	-7,735	-8,293	558
Other operating expenses	-3	-89	86
Share in earnings of associated companies	281	-1,012	1,293
Operating result (EBIT)	**-2,191**	**-2,664**	**473**
Finance income	39	82	-43
Finance expense	-1,359	-1,517	158
Earnings before taxes (EBT)	**-3,511**	**-4,099**	**588**
Taxes on income	-133	-165	32
Consolidated earnings	**-3,644**	**-4,264**	**620**
Attributable to:			
Shareholders of the parent company	-3,644	-4,264	620
Non-controlling interests	0	0	0
Earnings per share (EPS)			
Basic (EUR)	-0.05	-0.05	0.00
Diluted (EUR)	-0.05	-0.05	0.00

Sales performance

In the first half of 2016, Beate Uhse Group generated sales of EUR 52.3 million (H1 2015: EUR 65.5 million). The decrease in sales of EUR 13.2 million primarily resulted from the closure of 16 outlets that were operating at a loss and did not fit in with the future strategic direction of B2C, as well as from the discontinuation of catalogue business in February as part of our 100 % focus on e-Commerce sales in Mail Order. Additionally, it became clear that the new direction for B2C business with a focus on e-Commerce and on promising retail locations, as well as on new target groups and different product ranges, would require more time and effort than originally thought. The tough competition and industry environment also put pressure on B2B sales.

Sales by distribution channel EUR 000s	6 months 30.06.2016	6 months 30.06.2015	Change %
Retail	12,796	16,095	-20.5
Mail Order	23,967	29,267	-18.1
Wholesale	13,293	15,907	-16.4
Entertainment	2,247	4,239	-47.0
	52,303	**65,508**	**-20.2**

Sales by region EUR 000s	6 months 30.06.2016	6 months 30.06.2015
Germany	16,967	21,959
Netherlands	15,030	15,080
France	9,143	10,423
Belgium	6,609	6,647
Scandinavia	697	1,299
Other European countries	2,035	5,780
United Kingdom	1,020	1,930
Austria	495	1,394
Other regions	12	461
Italy	297	536
	52,303	**65,508**

Earnings performance

In the first half of 2016, cost of sales amounted to EUR 28.5 million, decreasing by 18.4 % (H1 2015: EUR 34.9 million). The lower sales figures mean the share of cost of sales to sales increased to 54.4 % after 53.3 % in the same period of the previous year. The profit margin decreased by 1.1 percentage points as a result of increased competition and price pressure. In comparison to the previous year, other operating income decreased by EUR 0.9 million to EUR 1.6 million. The main reason for this was lower revenues from reminder fees and interest received on late payments as a result of the discontinuation of catalogue business in February 2016. The ratio of selling expenses to revenues was decreased by 1.8 percentage points to 38.6 % (H1 2015: 40.4 %). In absolute terms, selling expenses decreased by EUR 6.3 million to EUR 20.2 million. This decrease was largely due to the cost-saving measures launched in late 2015 and was reflected primarily in lower advertising, personnel and rent expenses. Further cost savings were achieved in terms of general administrative expenses, which, despite the higher consultancy costs associated with our considerations to restructure the bond, were reduced by EUR 0.6 million to EUR 7.7 million.

During the reporting period, income from associates amounted to EUR 0.3 million. In the previous year, a negative result of EUR -1.0 million due to exchange-rate effects was disclosed. Net interest was EUR -1.3 million (H1 2015: EUR -1.4 million).

As compared with the same period last year, EBIT improved in the first half of 2016 by EUR 0.5 million to EUR -2.2 million (H1 2015: EUR -2.7 million) as a result of the fully implemented cost-saving measures launched at the end of 2015.

Consolidated statement of comprehensive income

EUR 000s	6 months 30.06.2016	6 months 30.06.2015
Result for the period	**-3,644**	**-4,264**
Differences from currency translation	0	-551
Net loss from available-for-sale financial assets	0	0
Other net income after tax	**0**	**-551**
Comprehensive income after taxes	**-3,644**	**-4,815**
Attributable to:		
Shareholders of the parent company	-3,644	-4,815
Non-controlling interests	0	0

Consolidated balance sheet & notes

Notes on the net asset and financial position

As of 30 June 2016, Beate Uhse Group's balance sheet total amounted to EUR 70.6 million, a decrease of EUR 6.2 million against 31 December 2015.

Assets

EUR 000s	6 months 30.06.2016	12 months 31.12.2015	Change
Non-current assets			
Intangible assets	8,937	8,021	916
Goodwill	6,763	6,763	0
Property, plant and equipment	7,348	7,885	-537
Other financial assets	2,337	2,482	-145
Shares in associated companies	6,625	6,344	281
Deferred tax assets	3,124	3,124	0
	35,133	34,619	514
Current assets			
Inventories	18,309	20,340	-2,031
Trade receivables	11,794	13,661	-1,867
Other current financial assets and other assets	2,546	2,997	-451
Income tax refund claims	0	52	-52
Cash and cash equivalents	2,863	5,221	-2,358
	35,512	42,271	-6,759
Total assets	**70,645**	**76,890**	**-6,245**

Non-current assets increased by EUR 0.5 million to EUR 35.1 million. This increase was mainly due to higher intangible assets caused by investments in logistics and ERP software. During the first half of 2016, current assets decreased by EUR 6.8 million to EUR 35.5 million (31 December 2015: EUR 42.3 million) due to inventory reductions, the decrease in receivables largely resulting from the discontinuation of catalogue business, and due to reductions in cash and cash equivalents.

Equity and liabilities

EUR 000s	6 months 30.06.2016	12 months 31.12.2015	Change
Shareholders‘ equity			
Subscribed capital	78,075	78,075	0
Treasury stock, at cost of acquisition	-3,463	-3,463	0
Capital reserve	-89	-89	0
Retained earnings	3,295	3,295	0
Other reserves, IAS 19	-891	-891	0
Net loss	-72,658	-69,014	-3,644
Balancing item for currency translation	849	849	0
Non-controlling interests	1	1	0
	5,119	8,763	-3,644
Non-current liabilities			
Bonds and other interest-bearing loans	29,477	29,373	104
Pensions and similar obligations	3,952	4,324	-372
Other provisions	1,482	1,457	25
Other financial liabilities	327	327	0
Deferred tax liabilities	216	216	0
	35,454	35,697	-243
Current liabilities			
Trade payables	11,221	11,436	-215
Other financial liabilities and other liabilities	14,467	14,871	-404
Pensions and similar obligations	287	287	0
Other provisions	695	2,498	-1,803
Income tax liabilities	3,402	3,338	64
	30,072	32,430	-2,358
Total equity and liabilities	**70,645**	**76,890**	**-6,245**

As at 30 June 2016, equity decreased by EUR 3.6 million to EUR 5.1 million due to losses. The equity ratio decreased to 7.2 % (31 December 2015: 11.4 %). While non-current liabilities stayed stable as compared with 31 December 2015, current liabilities decreased by EUR 2.4 million as a result of other provisions being lower. The reason for this was the cost-saving staff reductions completed in the first half of 2016, which resulted in allocations for provisions for severance payments at the end of 2015.

Lower total inventories and trade receivables resulted in a EUR 3.7 million reduction in current working capital in the first half of 2016, bringing it to EUR 18.9 million.

Net debt increased to EUR 26.6 million due to lower cash funds (31 December 2015: EUR 24.2 million).

Financial position

Beate Uhse's financing is primarily based on the corporate bond with a volume of EUR 30 million, which was placed on 30 June 2014 and which reaches maturity on 9 July 2019. The unsecured bond earns interest of 7.75 % per annum. The agreed interest payment for the financial year, which was due on 9 July, was paid late, but in full, and within the grace period of 30 days. The funds for the interest payment were mainly raised by taking out a third-party loan.

Cash flow statement

EUR 000s	6 months 30.06.2016	6 months 30.06.2015	Change
Cash flow from operating activities			
Earnings before taxes (EBT)	**-3,511**	**-4,099**	**588**
Adjustments:			
Depreciation and amortisation of property, plant and equipment and intangible assets	1,501	1,800	-299
Income/expenses from disposal of property, plant and equipment and intangible assets	281	27	254
Other non-cash expenses	-584	687	-1,271
Change in:			
Trade receivables	2,261	-939	3,200
Other assets	2,647	988	1,659
Trade payables	-215	1,366	-1,581
Other liabilities	-3,933	-4,318	385
Finance income	-39	-82	43
Finance expenses	1,359	1,517	-158
Income taxes	0	0	0
Cash flow from operating activities	**-233**	**-3,053**	**2,820**
Cash flow from investing activities			
Cash received from the sale of property, plant and equipment, intangible assets and other non-current assets	-101	0	-101
Cash paid for investments in property, plant and equipment, intangible assets and other non-current assets	-2,030	-1,563	-467
Cash paid in connection with short-term financial management	0	0	0
Cash received in connection with short-term financial management	12	20	-8
Interest received	0	0	0
Cash flow from investing activities	**-2,119**	**-1,543**	**-892**
Cash flow from financing activities			
Taking up of liabilities to banks	0	0	0
Interest paid for credits/loans and hedging instruments	-6	-31	25
Repayment of liabilities to banks	0	-559	559
Repayment of loans from third parties	0	0	0
Cash flow from financing activities	**-6**	**-590**	**584**
Net change in cash and cash equivalents and securities	**-2,358**	**-5,186**	**2,828**
Changes due to movements in exchange rates	0	171	-171
Cash and cash equivalents and securities at beginning of period	5,221	9,711	-4,490
Cash and cash equivalents and securities at end of period	2,864	4,695	-1,831
Composition of cash and cash equivalents at end of period			
Cash on hand, cash at banks, cheques and securities	2,864	4,695	-1,831

Consolidated statement of changes in equity

EUR 000s	Subscribed capital	Treasury stock	Capital reserve	Retained earnings	Other reserves, IAS 19	Net loss	Balancing item for currency translation	Total	Minority interests	Total equity
	Equity attributable to shareholders of the parent company									
Balance as of 1 January 2015	**78,075**	**-3,463**	**-89**	**3,295**	**-784**	**-50,625**	**1,484**	**27,893**	**1**	**27,894**
Result for the period						-4,264		-4,264	0	-4,264
Other earnings							-551	-551	0	-551
Balance as of 30 June 2015	**78,075**	**-3,463**	**-89**	**3,295**	**-784**	**-54,889**	**933**	**23,078**	**1**	**23,079**
Balance as of 1 January 2016	**78,075**	**-3,463**	**-89**	**3,295**	**-891**	**-69,014**	**849**	**8,762**	**1**	**8,763**
Result for the period						-3,644		-3,644	0	-3,644
Other earnings							0	0		0
Balance as of 30 June 2016	**78,075**	**-3,463**	**-89**	**3,295**	**-891**	**-72,658**	**849**	**5,118**	**1**	**5,119**

Segment report

	Retail		Mail Order		Wholesale		Entertainment		Holding services		Consolidation		Total	
Segment data by distribution channel EUR 000s	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**	**30.06.16**	**30.06.15**
Sales	12,941	16,095	25,162	29,743	21,789	27,800	2,311	4,352	60	60	-9,959	-12,542	52,303	65,508
- of which with third parties	**12,796**	**16,095**	**23,968**	**29,267**	**13,293**	**15,907**	**2,247**	**4,239**	**0**	**0**	**0**	**0**	**52,303**	**65,508**
- of which with Group companies	145	0	1,194	476	8,496	11,893	64	113	60	60	-9,959	-12,542	0	0
Amortisation of intangible assets	-5	-13	-469	-435	-7	-104	-305	-327	-6	-1	0	0	-792	-880
Depreciation of property, plant and equipment	-297	-382	-196	-199	-193	-285	-15	-25	-8	-29	0	0	-709	-920
Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Write-downs on financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net interest	-475	-440	-270	-345	-54	-178	93	97	-614	-569	0	0	-1,320	-1,435
Result from investments in associated companies	0	0	0	0	0	0	0	0	281	-1,012	0	0	281	-1,012
EBT *	**-813**	**-1,221**	**524**	**-509**	**-1,357**	**25**	**263**	**1,405**	**-2,142**	**-3,799**	**14**	**0**	**-3,511**	**-4,099**
Taxes on income	50	-54	-166	-35	0	-205	0	-5	-17	134	0	0	-133	-165
Net income for the year *	**-763**	**-1,275**	**358**	**-544**	**-1,357**	**-180**	**263**	**1,400**	**-2,159**	**-3,665**	**14**	**0**	**-3,644**	**-4,264**
Assets (not including associated companies, inventories and tax claims)	12,526	16,096	20,697	22,420	13,053	28,531	14,880	16,245	74,174	138,877	-92,743	-166,085	42,587	56,084
Inventories	4,358	4,810	4,388	7,796	9,560	12,812	3	5	0	0	0	0	18,309	25,423
Shares in associated companies	0	0	0	0	0	0	0	0	6,625	5,883	0	0	6,625	5,883
Investments in non-current assets	118	936	1,420	456	7	27	485	476	0	20	0	0	2,030	1,915
Investments in financial assets	0	0	0	0	0	348	0	576	0	2,122	0	-2,911	0	135
Liabilities (excluding tax liabilities)	21,453	20,059	24,920	27,045	32,721	31,097	12,534	9,788	57,548	49,270	-86,846	-71,167	62,330	66,092

* excluding profit and loss transfer agreements.

Notes to the interim financial statements

Information about Beate Uhse Aktiengesellschaft

Beate Uhse Aktiengesellschaft does not have its own operating business. It functions as a holding company for the subsidiaries and shareholdings within the Group. Central Group management functions including HR, legal matters and communications are carried out by the holding company (AG). The development of earnings at Beate Uhse Aktiengesellschaft primarily stems from profit and loss transfer agreements concluded with subsidiaries as well as revenue from other shareholdings and expenses relating to the holding function.

Accounting and valuation methods

Beate Uhse Aktiengesellschaft is a parent company as defined in Section 290 of the German Commercial Code (HGB). As the company issues shares listed on the capital market, it is required under Article 4 of Regulation No. 1606/2002 of the European Parliament and European Council dated 19 July 2002 to prepare its consolidated financial statements in accordance with IFRS. These interim consolidated statements dated 30 June 2016 have therefore also been prepared in line with currently applicable IFRS accounting standards. The accounting and valuation policies used are consistent with those applied in the most recent consolidated financial statements for the 2015 financial year. It was not necessary to make any adjustments to the accounting and valuation methods. This interim report has been prepared in compliance with the international accounting requirements of IFRS and in accordance with the German accounting standard DRS 16. In the interest of clarity and to enhance readability, individual items in the income statement, balance sheet and cash flow statement of Beate Uhse Group have been grouped together.

This half-year report for 2016 has not been reviewed by the auditors.

Basis of consolidation

No changes resulted for the basis of consolidation of Beate Uhse Aktiengesellschaft in the first half of 2016.

Segment reporting

The reporting structure applied in the most recent set of annual financial statements has been retained without amendment in this interim report.

Earnings per share

Earnings per share have been calculated by dividing the Group's net income (not including minority interests) by the number of shares.

Changes to directors and officers

On 9 March 2016, Mr Dennis van Allemeersch was appointed to the Management Board as Chief Operating Officer. In addition to his role as Chief Financial Officer, Mr Cornelis Vlasblom was also appointed Chairman of the Management Board.

Related-party transactions

In the reporting period from 1 January 2016 to 30 June 2016, transactions were performed with the following related parties as well as affiliated and associated companies:

Immo Almere B.V.
Summa Vastgoed B.V.
Summa Finance B.V.
Consipio Holding B.V.
tmc Content Group AG
Devatrade Managementdiensten

Responsibility statement in accordance with Section 37y of the German Securities Trading Act (WpHG) in conjunction with Section 37w (2)(3) of the WpHG

We hereby affirm that to the best of our knowledge the interim consolidated financial statements provide a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the applicable accounting standards and that the business performance, including the business results and the situation of the Group, is depicted in the interim Group management report in a way providing a true and fair picture of actual circumstances, together with a description of the principal opportunities and risks associated with the expected development of the Group.

ADDITIONAL INFORMATION

Financial calendar 2016

Date	Event
Thursday, 27 October 2016	Annual General Meeting
Tuesday, 15 November 2016	Quarterly report for the second half of the year

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Disclaimer

This interim report contains statements concerning the future which are based on assumptions and estimates made by the management of Beate Uhse. In spite of the assumption that these forward-looking statements are realistic, no guarantee can be provided that these expectations will prove to be accurate.